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Financial outlook for 1994

The initial outcome of the visits by UNDP Administrator James Gustave Speth to 13 major donor countries shows that further decline in financial resources for UNDP has been stopped. They reinforced estimates following the November Pledging Conference that the 1994 core resources will remain approximately at the same level as 1993. In light of the fact that economies of some of the industrialized countries continue to be in recession, and that overall development aid resources are not growing, "this preliminary assessment is good news, given the expectations in some quarters that things were only going to get worse," said Mr. Speth. "Starting in 1995, we must begin the climb back up."

Mr. Speth had consultations with cabinet members and senior officials in the countries he visited, and emphasized to them that during this period of change and restructuring, UNDP needs further support, not cuts.

Of the donor countries that have made firm pledges so far, Austria, Germany, Luxembourg, the Netherlands, Norway and Portugal have maintained the 1994 contributions at the previous year's levels, while Finland, which experienced severe negative growth in its economy in the last couple of years, has just announced an increase of over six per cent. Indications received from most other donors are encouraging and a number of increased contributions, albeit modest, are now expected.

Stanch/UNDP

A buffer zone running east and west cuts through the heart of Nicosia, separating the Turkish Cypriot and Greek Cypriot communities.

Reports recommend measures which could improve Cyprus situation

Two reports on the reopening of a tourist centre and an airport could, if their recommendations are carried out, contribute to future cooperation between Greek and Turkish communities in Cyprus. The reports, compiled at the request of the UN Secretary-General and presented to him in December, were written by two teams of experts financed by UNDP and organized through UNDP and the International Civil Aviation Organization (ICAO).

The teams' mandate was to assess a proposed package of confidence-building measures for the reopening of the town of Varosha and the Nicosia International Airport. According to one of the reports, the benefits which the two communities would derive from the implementation of the package of confidence-building measures would go far beyond the significant economic advantages to serve as an important catalyst for overcoming the existing mistrust between the two communities and for achieving an overall settlement. The reopening of Varosha and Nicosia International Airport would at long last provide avenues of contact between the two communities.

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The UNDP team included international experts with extensive experience in development policy, fiscal and financial matters, industrial development, free trade zones, tourism, and civil aviation development. Their task was to make an assessment of the economic benefits of the reopening of Varosha and the airport.

Varosha was formerly the largest tourist centre in Cyprus. It has been a ghost town since 1974 when it was fenced off by Turkish forces. The report reviews a proposal to have this area placed under United Nations administration and create a special area for Greek and Turkish Cypriot contact and commerce, with an additional option of a possible Free Trade Zone in which both sides could trade goods and services.

The UNDP report indicates that the confidence-building package could offer tangible benefits for both communities. If Varosha were reopened, for example, the flow of tourists from the southern part of the island through Varosha to the northern part, and of tourists originating in Varosha visiting the north, could generate US$34 million and $19 million a year respectively for the Turkish Cypriot economy. Substantial job opportunities could also open up in the private sector in Varosha. If the Nicosia International Airport were opened, revenue from the tourist industry could increase by $63 million with the new direct access provided to travellers from Europe. Turkish Cypriots would have a direct link with other countries, which would greatly facilitate their trade and tourism.

The ICAO report identified the requirements for making the Nicosia International Airport operational. The facility, which is located in the buffer zone controlled by the United Nations, has remained unused for 20 years. The ICAO team made 27 recommendations to make the airport functional and bring it up to international standards.

New General Assembly resolutions reaffirm UNDP role

Several resolutions were approved by the UN General Assembly last month which are of particular interest to UNDP. Three resolutions focus on field offices, strengthening the coordination of humanitarian emergency assistance of the United Nations, and an agenda for development.

The first of these resolutions authorizes the establishment of field offices in Armenia, Azerbaijan, Belarus, Eritrea, Georgia, Kazakhstan, the Russian Federation, Ukraine and Uzbekistan. The resolution specifies that these offices will be field offices of the United Nations development system. It further "reaffirms that the field offices of the United Nations development system at the country level shall be coordinated by resident coordinators," and that "the Resident Representative shall normally be designated as the Resident Coordinator." The resolution also stresses that the resident coordinator will "normally coordinate the humanitarian assistance of the United Nations system at the country level."

The next resolution calls for recommendations "on practical measures to enhance the coordinated system-wide support to efforts to facilitate the transition from emergency relief, to rehabilitation and development." It also urges provision of recommendations "for clear allocations of responsibilities at an early stage of an emergency, in particular by entrusting the primary responsibility to the operational agencies, as appropriate."

The next resolution, concerning an agenda for development, recognizes "the need to revive the role of the United Nations in fostering and promoting international cooperation for economic and social development." It invites the President of the General Assembly to request relevant programmes, funds and agencies of the United Nations system, and relevant multilateral institutions to present their views on an agenda for development. It also requests the Secretary-General to submit to the 1994 General Assembly an update of his report on an agenda for development..

Cartagena meeting fails to reach immediate agreement on restructuring of the Global Environment Facility

Representatives from the member countries of the Global Environment Facility (GEF) failed to reach immediate agreement last month in Cartagena, Colombia, on how the GEF should be restructured. Governments made progress towards an agreement on the institutional framework, but details remain to be resolved. Governments are expected to meet again in early 1994 after further consultations in their capitals to finalize the restructuring of the GEF.

Donors had reconfirmed their intention of contributing to the $2 billion target for

One priority area for the Global Environment Facility is conservation of biological diversity.

Sid Kane/UNDP

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the operational phase of the GEF over the next three years, provided that outstanding governance issues can be resolved early this year.

The GEF, created in late 1991, gained a role at the 1992 Earth Summit in Rio de Janeiro as a funding mechanism for global environmental activities in four areas: prevention of global warming; conservation of biological diversity; protection of international waters; and reduction of ozone layer depletion. It has, so far, assigned about $730 million for environment projects. UNDP, the UN Environment Programme, and the World Bank will continue to be the implementing agencies.

Transfer of Office for Project Services from UNDP to UN Department to be postponed

The UNDP Governing Council met in a special session on 16 December to decide on the status of UNDP's Office for Project Services (OPS), its project-implementing arm.

The Governing Council states in its decision that in view of "the importance it attaches to ensuring that the capabilities of the Office for Project Services are not affected adversely by any change in its status, and that its efficiency, flexibility and cost-effectiveness are enhanced further," it "recommends that the Office for Project Services should remain within the United Nations Development programme until 1 January, 1995." The Executive Board will review the details of the OPS transfer to the Department for Development Support and Management Services.

Preventing illegal drug transit through the Baltic States

The border controls in Western Europe have tightened significantly during the past two years, primarily in response to the growing movement of refugees and asylum seekers from wars in the Balkans and elsewhere. At the same time, it has became easier, following the break up of the Soviet Union, for people and goods to pass uncontrolled from Asia and the Middle East through many of the newly independent states into the heartland of Europe. This relatively unrestricted flow of goods includes illegal drugs.

In response to this situation, the United Nations Drug Control Programme (UNDCP) has recently committed $1.3 million to a two-year, regional project for the Baltic States. It will provide expertise in drafting new legislation related to the control of illegal narcotics, and training of customs officials and police officers. Under an agreement signed in November 1993, all UNDP Resident Representatives are now dually designated as the Representatives of UNDCP. The UNDCP Representatives will coordinate drug control assistance in the overall context of development programmes.

As an example of a Baltic State situation, Lithuanian border guards and concerned officials at the Ministry of the Interior, until recently, had never seen heroine, cocaine or marijuana. They only knew what such drugs looked like from imported text books and instructional posters. Appropriate legislation was not in place. Very few staff had been properly trained in drug control. Modern technical equipment for detection was in short supply, and there were no formal agreements with foreign governments and international agencies in the field of drug control. Before these countries regained independence, all drug related questions were referred to the central jurisdiction of authorities in Moscow.

The main drug problem in the Baltic region is not the domestic consumption of hard drugs, but rather international drug traffickers redirecting a significant share of their supplies for Western Europe through the Baltic states as a result of their relatively open borders and their inexperience in drug control.

Several institutions in Lithuania — the police, border guards, and the Ministries of Health and Justice — participate in the UNDCP project and have begun closer coordination to increase their efficiency.

Approved projects

(all projects subject to modification; sums quoted in US dollars)

Bolivia — Support to the Integrated Programme for Child Development (PIDI) — Through this programme, the government of Bolivia aims to reduce infant mortality and morbidity rates, improve maternal health, reform basic education, and extend health coverage. UNDP will provide technical assistance in restructuring and strengthening the National Organization for Children, Women and the Family (ONAMFA) to ensure the successful implementation of the PIDI Programme. In addition, UNDP will design and implement a management information system to monitor the programme's progress and the quality of services offered.

UNDP contribution: $200,000. Government cost-sharing: $3,709,618. Funds will finance equipment, training, and international experts in health, nutrition, basic education and financial management. Executed by ONAMFA and implemented by UNDP's Office for Project Services. (BOL/93/103)

Bolivia — Tax Administration and Policy Formulation — The country's national tax reform effort launched in 1987 increased internal tax revenues from less than one per cent of GDP in 1986 to 10 per cent of GDP in 1992. According to the government and external experts, these impressive results can be further improved. A target increase to approximately 13 per cent of

GDP has been set for 1996. UNDP will provide assistance to strengthen managerial and tax administration systems, and the related tax policies and legal framework.

Government cost-sharing: $ 3,938,610. Funds will finance equipment, training, and an international project coordinator, international experts in tax control, tax administration and legal issues. Executed and implemented by UNDP's Office for Project Services. (BOL/93/020)

Brazil — Support to the Programme for the Labour Sector — UNDP will provide support for defining a new set of labour laws and corresponding constitutional amendments. Managerial capacity at the Ministry of Labour will be strengthened, and national employment and labour investment projects will be promoted.

Government cost-sharing: $6,880,789. UNDP contribution: $20,000. Funds will provide training, experts, and equipment. Implemented by the Ministry of Labour. (BRA/91/013)

Guinea — Support to the Rural Development Programme for Central Guinea — In five rural communities, this pilot project will help create local associations and interest groups, and then assist them in defining long-term strategies for village land management. Support will be given to building capacity of local authorities to plan and manage public investment programmes and agricultural support services.

UNDP contribution: $2,883,094. UNCDF contribution: $3,000,000. Funds will be used for experts, training and equipment. Executed by the Food and Agriculture Organization of the UN. Implemented by the Ministry of Agriculture and Animal Resources. (GUI/93/005 - GUI/92/CO1)

Tanzania — Electricity, Fuel and Fertilizer from Municipal and Industrial Organic Waste in Tanzania: A Demonstration Biogas Plant for Africa — This project will demonstrate the environmental and energy-producing benefits derived from using municipal organic waste for large-scale biogas production in Africa. A biogas plant will be constructed near a municipal landfill site at Vingunguti, Dar es Salaam.

GEF funds: $2.5 million. Third-party cost-sharing from DANIDA: $1.4 million. Funds will be used for training and equipment. Government executed and implemented by sub-contractors.(URT/93/G31)

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